

CASE

NUMBER:

99-468

INDEX FOR CASE: 1999-468
GTE SOUTH, INC.

Interconnection Agreements
WITH CREDIT LOANS, INC. D/B/A LONE STAR STATE TELEPHONE COMPANY

IN THE MATTER OF THE INTERCONNECTION AGREEMENT BETWEEN GTE
SOUTH INCORPORATED AND CRDIT LOANS, INC. D/B/A LONE STAR
STATE TELEPHONE COMPANY

SEQ NBR	ENTRY DATE	REMARKS
0001	11/16/1999	Application.
0002	11/22/1999	Acknowledgement letter.
0003	12/28/1999	Final Order approving the negotiated agreement.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-468
GTE SOUTH, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on December 28, 1999.

See attached parties of record.

Stephanie D. Bell
Secretary of the Commission

SB/hv
Enclosure

Larry D. Callison
State Manager-Regulatory Affairs
GTE South, Incorporated
150 Rojay Drive
Lexington, KY. 40503

Assistant Vice President
Associate General Counsel
GTE South, Incorporated
Service Corporation
600 Hidden Ridge - HQEWMNOTICES
Irving, TX. 75038

Director
Wholesale Contract Compliance
GTE South, Incorporated
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600 Hidden Ridge - HQEWMNOTICES
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Larry E. Miller
President
Credit Loans, Inc. d/b/a
Lone Start State Telephone Company
137 North Main
Conroe, TX. 75301

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPROVAL OF THE RESALE)
AGREEMENT NEGOTIATED BY GTE)
SOUTH INCORPORATED AND CREDIT)
LOANS, INC. D/B/A LONE STAR STATE) CASE NO. 99-468
TELEPHONE COMPANY, PURSUANT)
TO SECTIONS 251 AND 252 OF THE)
TELECOMMUNICATIONS ACT OF 1996)

O R D E R

On November 16, 1999, GTE South Incorporated ("GTE") and Credit Loans, Inc. d/b/a Lone Star State Telephone Company ("Credit") submitted to the Commission their negotiated agreement for resale of GTE's services to end-users. The agreement was negotiated pursuant to the Telecommunications Act of 1996 ("1996 Act"), 47 U.S.C. Sections 251 and 252. Section 252(e) of the 1996 Act requires the parties to an interconnection agreement adopted by negotiation to submit the agreement for approval to the Commission.

The Commission has reviewed the agreement and finds that no portion of the agreement discriminates against a telecommunications carrier not a party to the agreement. The Commission also finds that the implementation of this agreement is consistent with the public interest, convenience, and necessity.

Credit must comply with all relevant Commission mandates for serving in this Commonwealth.

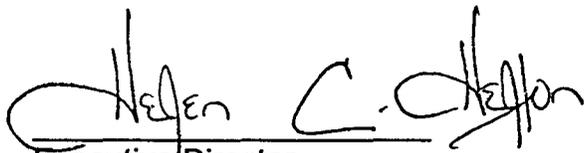
The Commission, having been otherwise sufficiently advised, HEREBY ORDERS
that:

1. The negotiated agreement between GTE and Credit is approved.
2. Credit shall file a tariff for local service prior to providing local service giving 30 days' notice to the Commission and shall comply with all Commission regulations and orders as directed.

Done at Frankfort, Kentucky, this 28th day of December, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
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Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

November 22, 1999

To: All parties of record

RE: Case No. 1999-468
GTE South, Inc.
(Interconnection Agreements) WITH CREDIT LOANS, INC. D/B/A
LONE STAR TELEPHONE COMPANY

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received November 16, 1999 and has been assigned Case No. 1999-468. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc



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Assistant Vice President
Associate General Counsel
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Larry D. Callison
State Manager
Regulatory Affairs & Tariffs



**GTE Service
Corporation**

KY10H072
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Lexington, KY 40503
606 245-1389
Fax: 606 245-1721

November 16, 1999

Ms. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, Kentucky 40602

NOV 16 1999
PUBLIC SERVICE
COMMISSION

RE: *CASE 99-468*
Interconnection Agreement Between GTE South Incorporated and
Credit Loans, Inc. d/b/a Lone Star State Telephone Company

Dear Ms. Helton:

Enclosed for joint filing by the parties with the Kentucky Public Service Commission (Commission) are six copies of an interconnection agreement recently executed between Credit Loans, Inc. d/b/a Lone Star State Telephone Company.

This agreement is being provided to the Commission for its review and approval.

Please bring this filing to the attention of the Commission, and if there are any questions, please contact me at your convenience.

Yours truly,

Larry D. Callison

Enclosures

c: Mr. Larry E. Miller - Credit Loans, Inc. d/b/a Lone Star State Telephone Company

RESALE AGREEMENT

BETWEEN

GTE SOUTH INCORPORATED

AND

**CREDIT LOANS, INC.
D/B/A LONE STAR STATE TELEPHONE COMPANY**

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This Resale Agreement (the "Agreement"), is by and between GTE South Incorporated, with its address for purposes of this Agreement at 600 Hidden Ridge Drive, Irving, Texas 75038 ("GTE"), and Credit Loans, Inc. d/b/a Lone Star State Telephone Company, in its capacity as a certified provider of local two-way wireline dial-tone service ("LONE STAR"), with its address for this Agreement at 137 North Main, Conroe, Texas 77301 (GTE and LONE STAR being referred to collectively as the "Parties" and individually as a "Party"). This Agreement covers services in the state of Kentucky only (the "State").

WHEREAS, Section 251 of the Telecommunications Act of 1996 (the "Act") imposes specific obligations on LECs with respect to the resale of telecommunications services; and

WHEREAS, GTE is entering, under protest, into certain aspects of this Agreement that incorporate adverse results from the arbitrated agreements approved by the Commission in this state and is doing so in order to avoid the expense of arbitration while at the same time preserving its legal positions, rights and remedies, pursuant to Article III, Section 48.

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, GTE and LONE STAR hereby covenant and agree as follows:

ARTICLE I
SCOPE AND INTENT OF AGREEMENT

Pursuant to this Agreement, the Parties will extend certain arrangements to one another within each area in which they both operate within the State for the purchase of certain telecommunication services. This Agreement also governs the purchase by LONE STAR of certain telecommunications services provided by GTE in its franchise areas for resale by LONE STAR. This Agreement is an integrated package that reflects a balancing of interests critical to the Parties. This Agreement will be submitted to the Kentucky Public Service Commission (the "Commission") for approval. The Parties agree that their entrance into this Agreement is without prejudice to and does not waive any positions they may have taken previously, or may take in the future, in any legislative, regulatory, judicial or other public forum addressing any matters, including matters related to the same types of arrangements and/or matters related to GTE's cost recovery covered in this Agreement. LONE STAR agrees to negotiate reciprocal terms and conditions with GTE based on this Agreement. GTE's execution of this Agreement is not a concession or waiver in any manner concerning its position that certain rates, terms and conditions contained herein are unlawful, illegal and improper.

The services and facilities to be provided to LONE STAR by GTE in satisfaction of this Agreement may be provided pursuant to GTE tariffs and then current practices. Should such services and facilities be modified by tariff or by Order, including any modifications resulting from other Commission proceedings, federal court review or other judicial action, and unless otherwise specified herein, such modifications will be deemed to automatically supersede any rates and terms and conditions of this Agreement. The Parties shall cooperate with one another for the purpose of incorporating required modifications into this Agreement.

ARTICLE II
DEFINITIONS

1. General Definitions.

Except as otherwise specified herein, the following definitions shall apply to all Articles and Appendices contained in this Agreement. Additional definitions that are specific to the matters covered in a particular Article may appear in that Article. To the extent that there may be any conflict between a definition set forth in this Article II and any definition in a specific Article or Appendix, the definition set forth in the specific Article or Appendix shall control with respect to that Article or Appendix.

1.1 Act

The Telecommunications Act of 1996, Public Law 104-104 of the 104th United States Congress effective February 8, 1996.

1.2 Applicable Law

All laws, statutes, common law, regulations, ordinances, codes, rules, guidelines, orders, permits, and approvals of any Governmental Authority, which apply or relate to the subject matter of this Agreement.

1.3 As-Is Transfer (AIT)

The transfer of all telecommunications services and features available for resale, that are currently being provided for a specific account, without the requirements of a specific enumeration of the services and features on the Local Service Request (LSR).

1.4 Basic Local Exchange Service

Voice grade access to the network that provides: the ability to place and receive calls; touch-tone service, access to operator services; access to directory assistance; access to emergency services (E-911); access to telephone relay service (TRS); access to interexchange carriers of the customer's choice; standard white pages directory listing; and toll blocking for low-income consumers participating in Lifeline (subject to technical feasibility).

1.5 Business Day

Monday through Friday, except for holidays on which the U.S. mail is not delivered.

1.6 Centralized Message Distribution System (CMDS)

The billing record and clearing house transport system that the Regional Bell Operating Companies (RBOCs) and other incumbent LECs use to efficiently exchange out collects and in collects as well as Carrier Access Billing System (CABS) records.

1.7 Commission

The Kentucky Public Service Commission.

1.8 Competitive Local Exchange Carrier (CLEC)

Any company or person authorized to provide local exchange services in competition with an ILEC.

1.9 **Currently Available**

Existing as part of GTE's network at the time of the requested order or service and does not include any service, feature, function or capability that GTE either does not provide to itself or to its own end users, or does not have the capability to provide.

1.10 **Customer**

GTE or LONE STAR depending on the context and which Party is receiving the service from the other Party.

1.11 **E-911 Service**

A method of routing 911 calls to a Public Service Answering Point that uses a customer location database to determine the location to which a call should be routed. E-9-1-1 service includes the forwarding of the caller's Automatic Number Identification (ANI) to the PSAP where the ANI is used to retrieve and display the Automatic Location Identification (ALI) on a terminal screen at the answering Attendant's position. It usually includes selective routing.

1.12 **Exchange Message Record (EMR)**

An industry standard record used to exchange telecommunications message information among CLECs for billable, non-billable, sample, settlement and study data. EMR format is defined in BR-010-200-010 CRIS Exchange Message Record, published by Telcordia Technologies.

1.13 **Exchange Service**

All basic access line services, or any other services offered to end users which provide end users with a telephonic connection to, and a unique telephone number address on, the Public Switched Telecommunications Network (PSTN), and which enable such end users to place or receive calls to all other stations on the PSTN.

1.14 **FCC**

The Federal Communications Commission.

1.15 **GTE Guide**

The GTE Open Market Transition Order/Processing Guide, LSR Guide, and Products and Services Guide which contain GTE's operating procedures for ordering, provisioning, trouble reporting and repair for resold services and unbundled elements and GTE's CLEC Interconnection Guide which provides guidelines for obtaining interconnection of GTE's Switched Network with the networks of all certified CLECs for reciprocal exchange of traffic. Except as specifically provided otherwise in this Agreement, service ordering, provisioning, billing and maintenance shall be governed by the Guide which may be amended from time to time by GTE as needed.

1.16 **GTOC**

GTE Telephone Operating Company.

1.17 **Incumbent Local Exchange Carrier (ILEC)**

Any local exchange carrier that was as of February 8, 1996, deemed to be a member of the Exchange Carrier Association as set forth in 47 C.F.R. §69.601(b) of the FCC's regulations.

- 1.18 **Interexchange Carrier (IXC)**
A telecommunications service provider authorized by the FCC to provide interstate long distance communications services between LATAs and is authorized by the State to provide inter- and/or intraLATA long distance communications services within the State.
- 1.19 **Line Information Data Base (LIDB)**
One or all, as the context may require, of the Line Information databases owned individually by GTE and other entities which provide, among other things, calling card validation functionality for telephone line number cards issued by GTE and other entities. A LIDB also contains validation data for collect and third number-billed calls; i.e., Billed Number Screening.
- 1.20 **Local Exchange Carrier (LEC)**
Any company certified by the Commission to provide local exchange telecommunications service. This includes the Parties to this Agreement.
- 1.21 **Local Number Portability (LNP)**
The ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.
- 1.22 **911 Service**
A universal telephone number which gives the public direct access to the PSAP. Basic 911 service collects 911 calls from one or more local exchange switches that serve a geographic area. The calls are then sent to the correct authority designated to receive such calls.
- 1.23 **Numbering Plan Area (NPA)**
Also sometimes referred to as an area code, is the three digit indicator which is defined by the "A", "B", and "C" digits of each 10-digit telephone number within the NANP. Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, "Geographic NPAs" and "Non-Geographic NPAs". A Geographic NPA is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A Non-Geographic NPA, also known as a "Service Access Code" or "SAC Code" is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas. 800, 900, 700, and 888 are examples of Non-Geographic NPAs.
- 1.24 **NXX, NXX Code, Central Office Code or CO Code**
The three digit switch entity indicator which is defined by the "D", "E", and "F" digits of a 10-digit telephone number within the NANP. Each NXX Code contains 10,000 station numbers.
- 1.25 **Party/Parties**
GTE and/or LONE STAR.
- 1.26 **Provider**
GTE or LONE STAR depending on the context and which Party is providing the service to the other Party.

1.27 **Subsidiary**

A corporation or other legal entity that is majority owned by a Party.

1.28 **Telecommunications Services**

The offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

1.29 **Undefined Terms**

Terms that may appear in this Agreement which are not defined. Parties acknowledge and agree that any such terms shall be construed in accordance with customary usage in the telecommunications industry as of the effective date of this Agreement.

1.30 **Vertical Features (including CLASS Features)**

Vertical services and switch functionalities provided by GTE, including: Automatic Call Back; Automatic Recall; Call Forwarding Busy Line/Don't Answer; Call Forwarding Don't Answer; Call Forwarding Variable; Call Forwarding - Busy Line; Call Trace; Call Waiting; Call Number Delivery Blocking Per Call; Calling Number Blocking Per Line; Cancel Call Waiting; Distinctive Ringing/Call Waiting; Incoming Call Line Identification Delivery; Selective Call Forward; Selective Call Rejection; Speed Calling; and Three Way Calling/Call Transfer.

ARTICLE III
GENERAL PROVISIONS

1. Scope of General Provisions.

Except as may otherwise be set forth in a particular Article or Appendix of this Agreement, in which case the provisions of such Article or Appendix shall control, these General Provisions apply to all Articles and Appendices of this Agreement.

2. Term and Termination.

2.1 Term.

Subject to the termination provisions contained in this Agreement, the term of this Agreement shall be from the Effective Date of this Agreement until January 15, 2001 and shall continue in effect for consecutive six (6) month terms unless either Party gives the other Party at least ninety (90) calendar days written notice of termination, which termination shall be effective at the end of the then-current term ("Termination Date"). In the event notice is given less than 90 calendar days prior to the end of the current term, this Agreement shall remain in effect for 90 calendar days after such notice is received, provided, that in no case shall the Termination Date be extended beyond 90 calendar days after the end of the current term..

2.2 Post-Termination Arrangements.

Except in the case of termination as a result of either Party's Default under Section 2.3 below, or a termination upon sale, pursuant to Section 2.4, for service arrangements made available under this Agreement and existing at the time of termination, those arrangements may continue:

- (a) As if under this Agreement, if either Party has requested negotiations for a new agreement pursuant to Sections 251 and 252 of the Act, (i) until this Agreement has been replaced by a new agreement, or (ii) for up to one hundred eighty (180) calendar days following the Termination Date, whichever is earlier.
- (b) If this Agreement is not continued pursuant to subsection (a) preceding under (i) a new agreement voluntarily executed by the Parties; (ii) standard terms and conditions approved and made generally effective by the Commission, if any; (iii) tariff terms and conditions made generally available to all Local Providers; or (iv) any rights under Section 252(i) of the Act.

2.3 Termination Upon Default.

Either Party may terminate this Agreement in whole or in part in the event of a default by the other Party; *provided however*, that the non-defaulting Party notifies the defaulting party in writing of the alleged default and that the defaulting Party does not cure the alleged default within sixty (60) calendar days of receipt of written notice thereof. Default is defined to include:

- (a) A Party's insolvency or the initiation of bankruptcy or receivership proceedings by or against the Party; or
- (b) A Party's refusal or failure in any material respect properly to perform its obligations under this Agreement, or the violation of any of the material terms or conditions of this Agreement.

2.4 Termination Upon Sale.

Notwithstanding anything to the contrary contained herein, a Party may terminate this Agreement as to a specific operating area or portion thereof if such Party sells or otherwise transfers the area or portion thereof. The selling or transferring Party shall provide the other Party with at least ninety (90) calendar days' prior written notice of such termination, which shall be effective on the date specified in the notice. Notwithstanding termination of this Agreement as to a specific operating area, this Agreement shall remain in full force and effect in the remaining operating areas.

2.5 Liability upon Termination.

Termination of this Agreement, or any part hereof, for any cause shall not release either Party from any liability which at the time of termination had already accrued to the other Party or which thereafter accrues in any respect to any act or omission occurring prior to the termination or from an obligation which is expressly stated in this Agreement to survive termination.

3. Amendments.

Any amendment, modification, or supplement to this Agreement must be in writing and signed by an authorized representative of each Party. The term "this Agreement" shall include future amendments, modifications, and supplements.

4. Assignment.

Any assignment by either Party of any right, obligation, or duty, in whole or in part, or of any interest, without the written consent of the other Party shall be void, except that either Party may assign all of its rights, and delegate its obligations, liabilities and duties under this Agreement, either in whole or in part, to any entity that is, or that was immediately preceding such assignment, a Subsidiary or Affiliate of that Party without consent, but with written notification. The effectiveness of an assignment shall be conditioned upon the assignee's written assumption of the rights, obligations, and duties of the assigning Party.

5. Authority.

Each person whose signature appears on this Agreement represents and warrants that he or she has authority to bind the Party on whose behalf he or she has executed this Agreement. Each Party represents he or she has had the opportunity to consult with legal counsel of his or her choosing and LONE STAR has not relied on GTE counsel, pursuant to this Agreement.

6. Responsibility for Payment.

GTE may charge LONE STAR and LONE STAR will pay GTE a deposit before GTE is required to perform under this agreement if LONE STAR has not established a good payment history with GTE. Such deposit will be calculated based on GTE's estimated two-month charges to LONE STAR using LONE STAR's forecast of resale lines and unbundled loops and ports. Interest will be paid on the deposit in accordance with state requirements for end user deposits.

7. CLEC Profile.

Before orders can be taken, the CLEC Profile must be completed and returned; and, if required, an advanced deposit paid. LONE STAR will provide GTE with its Operating Company Number (OCN), Company Code (CC), and Customer Carrier Name Abbreviation (CCNA) as described in the GTE Guide. LONE STAR agrees to warrant to GTE that it is a certified provider of telecommunications service. LONE STAR will document its Certificate of Operating Authority on

the CLEC Profile and agrees to update this CLEC Profile as required to reflect its current certification.

8. Contact Exchange.

The Parties agree to exchange and to update contact and referral numbers for order inquiry, trouble reporting, billing inquiries, and information required to comply with law enforcement and other security agencies of the government.

9. Electronic Interface.

The Parties shall work cooperatively in the implementation of electronic gateway access to GTE operational support systems functions in the long-term in accordance with established industry standards. LONE STAR should refer to the GTE Guide for the current OSS capabilities.

9.1 LONE STAR may migrate to fully interactive system to system interconnectivity. GTE, with input from LONE STAR and other carriers, shall provide general interface specifications for electronic access to this functionality. These specifications will be provided to enable LONE STAR to design system interface capabilities. Development will be in accordance with applicable national standards committee guidelines. Such interfaces will be available as expeditiously as possible.

9.2 All costs and expenses for any new or modified electronic interfaces exclusively to meet LONE STAR requirements that GTE determines are different from what is Currently Available will be paid by LONE STAR, if GTE is in agreement.

9.3 LONE STAR shall be responsible for modifying and connecting any of its pre-ordering and ordering systems with GTE provided interfaces as described in the Guide.

10. Billing and Payment.

Except as provided elsewhere in this Agreement and where applicable, in conformance with Multiple Exchange Carrier Access Billing (MECAB) guidelines and Multiple Exchange Carriers Ordering and Design Guidelines for Access Services-Industry Support Interface (MECOD) guidelines, LONE STAR and GTE agree to exchange all information to accurately, reliably, and properly order and bill for features, functions and services rendered under this Agreement.

10.1 Back Billing.

Neither Party will bill the other Party for previously unbilled charges that are for more than one-year prior to the current billing date.

10.2 Dispute.

If one Party disputes a billing statement issued by the other Party, the billed Party shall notify Provider in writing regarding the nature and the basis of the dispute within six (6) months of the statement date or the dispute shall be waived. The Parties shall diligently work toward resolution of all billing issues.

10.3 Late Payment Charge.

If any undisputed amount due on the billing statement is not received by Provider on the payment due date, Provider shall calculate and assess, and Customer agrees to pay, at Provider's option, a charge on the past due balance at an interest rate equal to the amount allowed by the applicable GTE/Contel state access tariffs, the state retail tariff, or the GTOC/GSTC FCC No. 1 tariff, in accordance with the service ordered, or the

maximum nonusurious rate of interest under applicable law. Late payment charges shall be included on the next statement.

10.4 Due Date.

Payment is due thirty (30) calendar days from the bill date.

10.5 Audits.

Either Party may conduct an audit of the other Party's books and records pertaining to the services provided under this Agreement, no more frequently than once per twelve (12) month period, to evaluate the other Party's accuracy of billing, data and invoicing in accordance with this Agreement. Any audit shall be performed as follows: (i) following at least thirty (30) Business Days' prior written notice to the audited Party; (ii) subject to the reasonable scheduling requirements and limitations of the audited Party; (iii) at the auditing Party's sole cost and expense; (iv) of a reasonable scope and duration; (v) in a manner so as not to interfere with the audited Party's business operations; and (vi) in compliance with the audited Party's security rules.

11. Binding Effect.

This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Parties.

12. Capacity Planning and Forecasting.

Within thirty (30) days from the effective date of this Agreement, the Parties agree to have met and developed joint planning and forecasting responsibilities which are applicable to local services. GTE may delay processing LONE STAR service orders should the Parties not perform obligations as specified in this Section 12. Such responsibilities shall include but are not limited to the following:

12.1 LONE STAR will furnish to GTE information that provides for state-wide annual forecasts of order activity, in-service quantity forecasts, and facility/demand forecasts.

12.2 LONE STAR shall notify GTE promptly of changes greater than ten percent (10%) to current forecasts (increase or decrease) that generate a shift in the demand curve for the following forecasting period.

13. Compliance with Laws and Regulations.

Each Party shall comply with all federal, state, and local statutes, regulations, rules, ordinances, judicial decisions, and administrative rulings applicable to its performance under this Agreement.

14. Confidential Information.

14.1 Identification.

Either Party may disclose to the other proprietary or confidential customer, technical, or business information in written, graphic, oral or other tangible or intangible forms ("Confidential Information"). In order for information to be considered Confidential Information under this Agreement, it must be marked "Confidential" or "Proprietary," or bear a marking of similar import. Orally or visually disclosed information shall be deemed Confidential Information only if contemporaneously identified as such and reduced to writing and delivered to the other Party with a statement or marking of confidentiality within thirty (30) calendar days after oral or visual disclosure.

Notwithstanding the foregoing, preorders and all orders for services placed by LONE STAR pursuant to this Agreement, and information that would constitute customer proprietary network information of LONE STAR end user customers pursuant to the Act and the rules and regulations of the FCC, as well as recorded usage information with respect to LONE STAR end users, whether disclosed by LONE STAR to GTE or otherwise acquired by GTE in the course of its performance under this Agreement, and where GTE is the North American Numbering Plan (NANP) Number Plan Administrator, LONE STAR information submitted to GTE in connection with such responsibilities shall be deemed Confidential Information of LONE STAR for all purposes under this Agreement whether or not specifically marked or designated as confidential or proprietary.

14.2 Handling.

In order to protect such Confidential Information from improper disclosure, each Party agrees:

- (a) That all Confidential Information shall be and shall remain the exclusive property of the source;
- (b) To limit access to such Confidential Information to authorized employees who have a need to know the Confidential Information for performance of this Agreement;
- (c) To keep such Confidential Information confidential and to use the same level of care to prevent disclosure or unauthorized use of the received Confidential Information as it exercises in protecting its own Confidential Information of a similar nature;
- (d) Not to copy, publish, or disclose such Confidential Information to others or authorize anyone else to copy, publish, or disclose such Confidential Information to others without the prior written approval of the source;
- (e) To return promptly any copies of such Confidential Information to the source at its request; and
- (f) To use such Confidential Information only for purposes of fulfilling work or services performed hereunder and for other purposes only upon such terms as may be agreed upon between the Parties in writing.

14.3 Exceptions.

These obligations shall not apply to any Confidential Information that was legally in the recipient's possession prior to receipt from the source, was received in good faith from a third party not subject to a confidential obligation to the source, now is or later becomes publicly known through no breach of confidential obligation by the recipient, was developed by the recipient without the developing persons having access to any of the Confidential Information received in confidence from the source, or that is required to be disclosed pursuant to subpoena or other process issued by a court or administrative agency having appropriate jurisdiction, provided, however, that the recipient shall give prior notice to the source and shall reasonably cooperate if the source deems it necessary to seek protective arrangements.

14.4 Survival.

The obligation of confidentiality and use with respect to Confidential Information disclosed by one Party to the other shall survive any termination of this Agreement for a period of three (3) years from the date of the initial disclosure of the Confidential Information.

15. Consent.

Where consent, approval, or mutual agreement is required of a Party, it shall not be conditional, unreasonably withheld, or delayed.

16. Fraud.

LONE STAR assumes responsibility for all fraud associated with its end user customers and accounts. GTE shall bear no responsibility for, nor is it required to investigate or make adjustments to LONE STAR's account in cases of fraud.

17. Reimbursement of Expenses.

In performing under this Agreement GTE may be required to make expenditures or otherwise incur costs that are not otherwise reimbursed under this Agreement. In such event GTE is entitled to reimbursement from LONE STAR for all such costs. For all such costs and expenses GTE shall receive through NRCs the actual costs and expenses incurred, including labor costs and expenses, overhead and fixed charges, and may include a reasonable contribution to GTE's common costs.

18. Dispute Resolution.

18.1 Alternative to Litigation.

Except as provided under Section 252 of the Act with respect to the approval of this Agreement by the Commission, the Parties desire to resolve disputes arising out of or relating to this Agreement without litigation. Accordingly, except for action seeking a temporary restraining order or an injunction related to the purposes of this Agreement, or suit to compel compliance with this dispute resolution process, the Parties agree to use the following alternative dispute resolution procedures as the sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

18.2 Negotiations.

At the written request of a Party, each Party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising out of or relating to this Agreement. The Parties intend that these negotiations be conducted by non-lawyer, business representatives. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, exempt from discovery, and shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise discoverable, be discovered or otherwise admissible, be admitted in evidence, in the arbitration or lawsuit.

18.3 Arbitration.

If the negotiations do not resolve the dispute within sixty (60) Business Days of the initial written request, the dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association except that the Parties may select an arbitrator outside American Arbitration Association rules upon mutual agreement. A Party may demand such arbitration in accordance with the procedures set out in those rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section. Each Party may submit in writing to a Party, and that Party shall so respond to, a maximum of any combination of thirty-five (35) (none of which may have subparts) of the following: interrogatories, demands to produce documents, or requests for admission. Each Party is also entitled to take the oral deposition of one individual of another Party. Additional discovery may be permitted upon mutual agreement of the Parties. The arbitration hearing shall be commenced within sixty (60) Business Days of the demand for arbitration. The arbitration shall be held in a mutually agreeable city. The arbitrator shall control the scheduling so as to process the matter expeditiously. The Parties may submit written briefs. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) Business Days after the close of hearings. The times specified in this section may be extended upon mutual agreement of the Parties or by the arbitrator upon a showing of good cause. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

18.4 Expedited Arbitration Procedures.

If the issue to be resolved through the negotiations referenced in Section 18.2 directly and materially affects service to either Party's end user customers, then the period of resolution of the dispute through negotiations before the dispute is to be submitted to binding arbitration shall be five (5) Business Days. Once such a service affecting dispute is submitted to arbitration, the arbitration shall be conducted pursuant to the expedited procedures rules of the Commercial Arbitration Rules of the American Arbitration Association (i.e., rules 53 through 57).

18.5 Costs.

Each Party shall bear its own costs of these procedures. A Party seeking discovery shall reimburse the responding Party the costs of production of documents (including search time and reproduction costs). The Parties shall equally split the fees of the arbitration and the arbitrator.

18.6 Continuous Service.

The Parties shall continue providing services to each other during the pendency of any dispute resolution procedure, and the Parties shall continue to perform their obligations (including making payments in accordance with Article IV, Section 4) in accordance with this Agreement.

19. Entire Agreement.

This Agreement constitutes the entire agreement of the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, negotiations, proposals, and representations, whether written or oral, and all contemporaneous oral agreements, negotiations, proposals, and representations concerning such subject matter. No representations, understandings, agreements, or warranties, expressed or implied, have been made or relied upon in the making of this Agreement other than those specifically set forth herein.

20. Expenses.

Except as specifically set out in this Agreement, each Party shall be solely responsible for its own expenses involved in all activities related to the subject of this Agreement.

21. Force Majeure.

In the event performance of this Agreement, or any obligation hereunder, is either directly or indirectly prevented, restricted, or interfered with by reason of fire, flood, earthquake or likes acts of God, wars, revolution, civil commotion, explosion, acts of public enemy, embargo, acts of the government in its sovereign capacity, labor difficulties, including without limitation, strikes, slowdowns, picketing, or boycotts, unavailability of equipment from vendor, changes requested by Customer, or any other circumstances beyond the reasonable control and without the fault or negligence of the Party affected, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction, or interference (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased); *provided however*, that the Party so affected shall use diligent efforts to avoid or remove such causes of nonperformance and both Parties shall proceed whenever such causes are removed or cease.

22. Good Faith Performance.

In the performance of their obligations under this Agreement, the Parties shall act in good faith. In situations in which notice, consent, approval or similar action by a Party is permitted or required by any provision of this Agreement, such action shall not be conditional, unreasonably withheld or delayed,

23. Governing Law.

This Agreement shall be governed by and construed in accordance with the Telecommunications Act of 1996, applicable federal and (to the extent not inconsistent therewith) domestic laws of the state where the services are provided or the facilities reside and shall be subject to the exclusive jurisdiction of the courts therein.

24. Standard Practices.

The Parties acknowledge that GTE shall be adopting some industry standard practices and/or establishing its own standard practices to various requirements hereunder applicable to the LONE STAR industry which may be added in the Guide. LONE STAR agrees that GTE may implement such practices to satisfy any GTE obligations under this Agreement.

25. Headings.

The headings in this Agreement are inserted for convenience and identification only and shall not be considered in the interpretation of this Agreement.

26. Independent Contractor Relationship.

The persons provided by each Party shall be solely that Party's employees and shall be under the sole and exclusive direction and control of that Party. They shall not be considered employees of the other Party for any purpose. Each Party shall remain an independent contractor with respect to the other and shall be responsible for compliance with all laws, rules and regulations involving, but not limited to, employment of labor, hours of labor, health and safety, working conditions and payment of wages. Each Party shall also be responsible for payment of taxes, including federal, state and municipal taxes, chargeable or assessed with respect to its employees, such as Social Security, unemployment, workers' compensation, disability insurance, and federal and state

withholding. Each Party shall indemnify the other for any loss, damage, liability, claim, demand, or penalty that may be sustained by reason of its failure to comply with this provision.

27. Law Enforcement Interface.

- 27.1 Except to the extent not available in connection with GTE's operation of its own business, GTE shall provide seven day a week/twenty-four hour a day assistance to law enforcement persons for emergency traps, assistance involving emergency traces and emergency information retrieval on customer invoked CLASS services.
- 27.2 GTE agrees to work jointly with LONE STAR in security matters to support law enforcement agency requirements for taps, traces, court orders, etc. Charges for providing such services for LONE STAR customers will be billed to LONE STAR.
- 27.3 GTE will, in non emergency situations, inform the requesting law enforcement agencies that the end-user to be wire tapped, traced, etc. is a LONE STAR Customer and shall refer them to LONE STAR.
- 27.4 Subsequent to the execution and approval of this Agreement by the Commission, the parties shall establish a separate contract or authorization agreement specific to the Nuisance Call Bureau (NCB) and Security Control Center (SCC) for CLEC procedures which will be in compliance with applicable state and federal laws.

28. Liability and Indemnity.

28.1 Indemnification.

Subject to the limitations set forth in Section 28.4 of this Article III, each Party agrees to release, indemnify, defend, and hold harmless the other Party from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, whether suffered, made, instituted, or asserted by any other party or person, for invasion of privacy, personal injury to or death of any person or persons, or for losses, damages, or destruction of property, whether or not owned by others, proximately caused by the indemnifying Party's negligence or willful misconduct, regardless of form of action. The indemnified Party agrees to notify the other Party promptly, in writing, of any written claims, lawsuits, or demands for which it is claimed that the indemnifying Party is responsible under this Section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying Party shall have complete control over defense of the case and over the terms of any proposed settlement or compromise thereof. The indemnifying Party shall not be liable under this Section for settlement by the indemnified Party or any claim, lawsuit, or demand, if the indemnifying Party has not approved the settlement in advance, unless the indemnifying Party has had the defense of the claim, lawsuit, or demand tendered to it in writing and has failed to assume such defense. In the event of such failure to assume defense, the indemnifying Party shall be liable for any reasonable settlement made by the indemnified Party without approval of the indemnifying Party.

28.2 End User and Content-Related Claims.

The Indemnifying Party agrees to release, indemnify, defend, and hold harmless the other Party, its affiliates, and any third-party provider or operator of facilities involved in the provision of services (collectively, the "Indemnified Party") from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, suffered, made, instituted, or asserted by the Indemnifying Party's end users against an Indemnified Party arising from services. The Indemnifying Party further agrees to release, indemnify, defend, and hold

harmless the Indemnified Party from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, suffered, made, instituted, or asserted by any third party against an Indemnified Party arising from or in any way related to actual or alleged defamation, libel, slander, interference with or misappropriation of proprietary or creative right, or any other injury to any person or property arising out of content transmitted by the Indemnifying Party and the Indemnified Party or such Party's end users, or any other act or omission of the Indemnified Party or such Party's end users.

28.3 DISCLAIMER.

EXCEPT AS SPECIFICALLY PROVIDED TO THE CONTRARY IN THIS AGREEMENT, PROVIDER MAKES NO REPRESENTATIONS OR WARRANTIES TO CUSTOMER CONCERNING THE SPECIFIC QUALITY OF ANY SERVICES PROVIDED UNDER THIS AGREEMENT. PROVIDER DISCLAIMS, WITHOUT LIMITATION, ANY WARRANTY OR GUARANTEE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR FROM USAGES OF TRADE.

28.4 Limitation of Liability.

Each Party's liability, whether in contract, tort or otherwise, shall be limited to direct damages, which shall not exceed the monthly charges, plus any related costs/expenses GTE may recover, including those under Section 17 above, and plus any costs/expenses for which the Parties specify reimbursement in this Agreement or the services for the month during which the claim of liability arose. Under no circumstance shall either Party be responsible or liable for indirect, incidental, or consequential damages, including, but not limited to, economic loss or lost business or profits, damages arising from the use or performance of equipment or software, or the loss of use of software or equipment, or any accessories attached thereto, delay, error, or loss of data. Should either Party provide advice, make recommendations, or supply other analysis related to the services described in this Agreement, this limitation of liability shall apply to provision of such advice, recommendations, and analysis.

28.5 Intellectual Property.

Neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other based on or arising from any claim, demand, or proceeding by any third party alleging or asserting that the use of any circuit, apparatus, or system, or the use of any software, or the performance of any service or method, or the provision or use of any facilities by either Party under this Agreement constitutes direct or contributory infringement, or misuse or misappropriation of any patent, copyright, trademark, trade secret, or any other proprietary or intellectual property right of any third party.

29. Multiple Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall together constitute but one and the same document.

30. No Third Party Beneficiaries.

Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other right or privilege.

31. Notices.

Any notice to a Party required or permitted under this Agreement shall be in writing and shall be deemed to have been received on the date of service if served personally, on the date receipt is acknowledged in writing by the recipient if delivered by regular U.S. mail, or on the date stated on the receipt if delivered by certified or registered mail or by a courier service that obtains a written receipt. Upon prior immediate oral agreement of the parties' designated recipients identified below, notice may also be provided by facsimile, Internet or electronic messaging system, which shall be effective if sent before 5:00 p.m. on that day, or if sent after 5:00 p.m. it will be effective on the next Business Day following the date sent. Any notice shall be delivered using one of the alternatives mentioned in this section and shall be directed to the applicable address or Internet ID indicated below or such address as the Party to be notified has designated by giving notice in compliance with this section:

If to GTE:

GTE South Incorporated
Attention: Assistant Vice President/Associate General Counsel
Service Corporation
600 Hidden Ridge -HQEWMNOTICES
Irving, TX 75038
Telephone number: 972/718-6361
Facsimile number: 972/718-3403
Internet Address: wmnotices@telops.gte.com

and

GTE South Incorporated
Attn: Director-Wholesale Contract Compliance
Network Services
600 Hidden Ridge -HQEWMNOTICES
Irving, TX 75038
Telephone Number: 972/718-5988
Facsimile Number: 972/719-1519
Internet Address: wmnotices@telops.gte.com

If to LONE STAR:

Credit Loans, Inc.
d/b/a Lone Star State Telephone Company
Attention: Larry E. Miller, President
137 North Main
Conroe, TX 75301
Telephone Number: 409/756-5558
Facsimile Number: 409/788-5583
Internet Address: lsst@lcc.net

32. Protection.

32.1 Impairment of Service.

The characteristics and methods of operation of any circuits, facilities or equipment of either Party connected with the services, facilities or equipment of the other Party pursuant to this Agreement shall not interfere with or impair service over any facilities of the other Party, its affiliated companies, or its connecting and concurring carriers involved in its services, cause damage to its plant, violate any applicable law or regulation regarding the invasion of privacy of any communications carried over the Party's facilities or create hazards to the employees of either Party or to the public (each hereinafter referred to as an "Impairment of Service").

32.2 Resolution.

If either Party causes an Impairment in Service, the Party whose network or service is being impaired (the "Impaired Party") shall promptly notify the Party causing the Impairment of Service (the "Impairing Party") of the nature and location of the problem and that, unless promptly rectified, a temporary discontinuance of the use of any circuit, facility or equipment may be required. The Impairing Party and the Impaired Party agree to work together to attempt to promptly resolve the Impairment of Service. If the Impairing Party is unable to promptly remedy the Impairment of Service, then the Impaired Party may at its option temporarily discontinue the use of the affected circuit, facility or equipment.

33. Publicity.

Any news release, public announcement, advertising, or any form of publicity pertaining to this Agreement, provision of services pursuant to it, or association of the Parties with respect to provision of the services described in this Agreement shall be subject to prior written approval of both GTE and LONE STAR.

34. Regulatory Agency Control.

This Agreement shall at all times be subject to changes, modifications, orders, and rulings by the Federal Communications Commission and/or the applicable state utility regulatory commission to the extent the substance of this Agreement is or becomes subject to the jurisdiction of such agency.

35. Changes in Legal Requirements.

GTE and LONE STAR further agree that the terms and conditions of this Agreement were composed in order to effectuate the legal requirements in effect at the time the Agreement was produced. Any modifications to those requirements will be deemed to automatically supersede any terms and conditions of this Agreement.

36. Effective Date.

This Agreement will be effective only upon execution by both Parties and approval by the Commission in accordance with Section 252 of the Act. The "effective date" of this Agreement for all purposes will be as established by the Commission approval order. The Parties agree orders for services will not be submitted or accepted within the first ten (10) business days after the agreement is effective.

37. Regulatory Matters.

Each Party shall be responsible for obtaining and keeping in effect all FCC, state regulatory commission, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement.

If either Party does not provide necessary filing materials within 90 days of execution of this Agreement, any contract signatures will no longer be effective. If both Parties determine to proceed with filing, negotiations between the Parties will resume.

38. Rule of Construction.

No rule of construction requiring interpretation against the drafting Party hereof shall apply in the interpretation of this Agreement.

39. Section References.

Except as otherwise specified, references within an Article of this Agreement to a Section refer to Sections within that same Article.

40. OSS Performance Measurements

40.1 The Parties will provide a level of service to each other with respect to services and facilities under this Agreement in compliance with the non-discrimination requirements of the Act.

40.2 The performance measurements detail the areas of performance to be tracked, reported and audited. GTE will make available monthly performance measurement data via the internet on GTE's WISE website. The results of these performance measurements shall be used to indicate the level of quality of service GTE provides to CLEC and satisfies GTE's obligations under the Act or state law. Furthermore, GTE expects to satisfy requirements for reporting and auditing as may be mandated by state law.

40.3 Performance measurements to measure quality of service are provisional and subject to continued evolution as driven by the industry and state commissions. Performance measurements, when developed and implemented on GTE's WISE website (<http://www.gte.com/wise>), shall be made available to CLEC and shall automatically modify and/or replace existing performance measurements GTE currently makes available to all CLECs.

40.4 GTE's performance measurements are made available on a nationwide basis to all qualifying CLECs. Such performance measurements provide for standards to measure the quality of services, elements or functions offered by GTE within the following major categories:

- (a) **Pre-Ordering**
Pre-ordering activities relate to the exchange of information between GTE and the CLEC regarding current or proposed customer products and services, or any other information required to initiate ordering of service. Pre-ordering encompasses the critical information needed to submit a provisioning order from the CLEC to GTE. The pre-order measurement reports the timeliness with which pre-order inquiries are returned to CLECs by GTE.
- (b) **Ordering**
Ordering activities include the exchange of information between GTE and the CLEC regarding requests for service. Ordering includes: (1) the submittal of the service request from the CLEC, (2) rejection of any service request with errors and (3) confirmation that a valid service request has been received and a due date for the request assigned. Ordering performance measurements report on the timeliness with which these various activities are completed by GTE. Also captured within this category is reporting on the number of CLEC service requests that automatically generate a service order in GTE's service order creation system.
- (c) **Provisioning**
Provisioning is the set of activities required to install, change or disconnect a customer's service. It includes the functions to establish or condition physical facilities as well as the completion of any required software translations to define the feature functionality of the service. Provisioning also involves communication

between the CLEC and GTE on the status of a service order, including any delay in meeting the commitment date and the time at which actual completion of service installation has occurred. Measurements in this category evaluate the quality of service installations, the efficiency of the installation process and the timeliness of notifications to the CLEC that installation is completed or has been delayed.

- (d) **Maintenance**
Maintenance involves the repair and restoral of customer service. Maintenance functions include the exchange of information between GTE and CLEC related to service repair requests, the processing of trouble ticket requests by GTE, actual service restoral and tracking of maintenance history. Maintenance measures track the timeliness with which trouble requests are handled by GTE and the effectiveness and quality of the service restoral process.
- (e) **Network Performance**
Network performance involves the level at which GTE provides services and facilitates call processing within its network. GTE also has the responsibility to complete network upgrades efficiently. If network outages do occur, GTE needs to provide notification so appropriate network management and customer notification can occur by CLECs. Network performance is evaluated on the quality of interconnection, the timeliness of notification of network outages and the timeliness of network upgrades (code openings) GTE completes on behalf of the CLEC.
- (f) **Billing**
Billing involves the exchange of information necessary for CLECs to bill its customers, to process the end user's claims and adjustments, to verify GTE's bill for services provided to the CLEC and to allow CLECs to bill for access. Billing measures have been designed to gauge the quality, timeliness and overall effectiveness of GTE billing processes associated with CLEC customers.
- (g) **Collocation**
GTE is required to provide to CLECs available space as required by law to allow the installation of CLEC equipment. Performance measures in this category assess the timeliness with which GTE handles the CLEC's request for collocation as well as how timely the collocation arrangement is provided.
- (h) **Data Base Updates**
Database updates for directory assistance/listings and E911 include the processes by which these systems are updated with customer information which has changed due to the service provisioning activity. Measurements in this category are designed to evaluate the timeliness and accuracy with which changes to customer information, as submitted to these databases, are completed by GTE.
- (i) **Interfaces**
GTE provides the CLECs with choices for access to OSS pre-ordering, ordering, maintenance and repair systems. Availability of the interfaces is fundamental to the CLEC being able to effectively do business with GTE. Additionally, in many instances, CLEC personnel must work with the service personnel of GTE. Measurements in this category assess the availability to the CLECs of systems and personnel at GTE work centers.

41. Severability.

If any provision of this Agreement is held by a court or regulatory agency of competent jurisdiction to be unenforceable, the rest of the Agreement shall remain in full force and effect and shall not be affected unless removal of that provision results, in the opinion of either Party, in a material change to this Agreement. If a material change as described in this paragraph occurs as a result of action by a court or regulatory agency, the Parties shall negotiate in good faith for replacement language. If replacement language cannot be agreed upon within a reasonable period, either Party may terminate this Agreement without penalty or liability for such termination upon written notice to the other Party.

42. Subcontractors.

Provider may enter into subcontracts with third parties or affiliates for the performance of any of Provider's duties or obligations under this Agreement.

43. Subsequent Law.

The terms and conditions of this Agreement shall be subject to any and all applicable laws, rules, or regulations that subsequently may be prescribed by any federal, state or local governmental authority. To the extent required by any such subsequently prescribed law, rule, or regulation, the Parties agree to modify, in writing, the affected term(s) and condition(s) of this Agreement to bring them into compliance with such law, rule, or regulation.

44. Taxes.

Any state or local excise, sales, or use taxes (excluding any taxes levied on income) resulting from the performance of this Agreement shall be borne by the Party upon which the obligation for payment is imposed under applicable law, even if the obligation to collect and remit such taxes is placed upon the other Party. The collecting Party shall charge and collect from the obligated Party, and the obligated Party agrees to pay to the collecting Party, all applicable taxes, except to the extent that the obligated Party notifies the collecting Party and provides to the collecting Party appropriate documentation as GTE requires that qualifies the obligated Party for a full or partial exemption. Any such taxes shall be shown as separate items on applicable billing documents between the Parties. The obligated Party may contest the same in good faith, at its own expense, and shall be entitled to the benefit of any refund or recovery, provided that such Party shall not permit any lien to exist on any asset of the other Party by reason of the contest. The collecting Party shall cooperate in any such contest by the other Party. The other Party will indemnify the collecting Party from any sales or use taxes that may be subsequently levied on payments by the other Party to the collecting Party.

44.1 Tax.

A charge which is statutorily imposed by the state or local jurisdiction and is either (a) imposed on the seller with the seller having the right or responsibility to pass the charge(s) on to the purchaser and the seller is responsible for remitting the charge(s) to the state or local jurisdiction or (b) imposed on the purchaser with the seller having an obligation to collect the charge(s) from the purchaser and remit the charge(s) to the state or local jurisdiction.

Taxes shall include but not be limited to: federal excise tax, state/local sales and use tax, state/local utility user tax, state/local telecommunication excise tax, state/local gross receipts tax, and local school taxes. Taxes shall not include income, income-like, gross receipts on the revenue of a provider, or property taxes. Taxes shall not include payroll withholding taxes unless specifically required by statute or ordinance.

44.2 Fees/Regulatory Surcharges.

A charge imposed by a regulatory authority, other agency, or resulting from a contractual obligation, in which the seller is responsible or required to collect the fee/surcharge from the purchaser and the seller is responsible for remitting the charge to the regulatory authority, other agency, or contracting party.

45. Trademarks and Trade Names.

Except as specifically set out in this Agreement, nothing in this Agreement shall grant, suggest, or imply any authority for one Party to use the name, trademarks, service marks, or trade names of the other for any purpose whatsoever.

46. Waiver.

The failure of either Party to insist upon the performance of any provision of this Agreement, or to exercise any right or privilege granted to it under this Agreement, shall not be construed as a waiver of such provision or any provisions of this Agreement, and the same shall continue in full force and effect.

47. TBD Prices.

Numerous provisions in this Agreement and its Attachments refer to pricing principles. If a provision references prices in an Attachment and there are no corresponding prices in such Attachment, such price shall be considered "To Be Determined" (TBD). With respect to all TBD prices, prior to LONE STAR ordering any such TBD item, the Parties shall meet and confer to establish a price. If the Parties are unable to reach agreement on a price for such item, an interim price shall be set for such item that is equal to the price for the nearest analogous item for which a price has been established (for example, if there is not an established price for a non recurring charge (NRC) for a specific service, the Parties would use the NRC for the most analogous retail service for which there is an established price). Any interim prices so set shall be subject to modification by any subsequent decision of the Commission. If an interim price is different from the rate subsequently established by the Commission, any underpayment shall be paid by LONE STAR to GTE, and any overpayment shall be refunded by GTE to LONE STAR, within 45 Business Days after the establishment of the price by the Commission.

48. Amendment of Certain Rates, Terms and Conditions. The Parties agree as follows with respect to modification of the rates, terms and conditions initially provided for herein:

The rates, terms and conditions that are specified in Appendix 48B (the "GTE Terms") may be replaced by the rates, terms and conditions from the GTE/AT&T Interconnection, Resale and Unbundling Agreement (the AT&T Agreement), respectively, that are specified in Appendix 48A (the "AT&T Terms") if and when the AT&T Agreement becomes effective after approval by order of the Commission in Case No. 96-478. The rates, terms and conditions that are specified in Appendix 48A (the AT&T Terms) shall not take effect for purposes of this Agreement until thirty (30) days following GTE's receipt of written notice of LONE STAR's election to replace the specified "GTE Terms" with the specified AT&T Terms, which notice may be given no earlier than the date the AT&T Agreement is approved by the Commission and effective. GTE and LONE STAR agree that if the AT&T Terms are deemed to be unlawful, or are stayed, enjoined or otherwise modified, in whole or in part, by a court or commission of competent jurisdiction, then this Agreement shall be deemed to have been amended accordingly, by modification of the AT&T Terms or, as appropriate, the substitution of GTE Terms for all stayed or enjoined AT&T Terms, and such amendment shall be effective retroactive to the Effective Date of the AT&T Terms.

GTE and LONE STAR further agree that the terms and conditions of this Agreement reflect certain requirements of the FCC's First Report and Order in CC Docket No. 98-96-. The terms and conditions of this Agreement shall be subject to any and all actions by any court or other governmental authority that invalidate, stay, vacate or otherwise modify the FCC's First Report and Order, in whole or in part ("action"). To the extent warranted by any such action, the parties agree that this Agreement shall be deemed to have been modified accordingly as in the first paragraph of this Section 48. The parties agree to immediately apply any affected terms and conditions, including any in other sections and articles of this Agreement consistent with such action, and within a reasonable time incorporate such modified terms and conditions in writing into the Agreement. If the AT&T Terms are affected by such action and GTE determines they cannot be consistently applied therewith, the GTE Terms shall apply. LONE STAR acknowledges that GTE may seek to enforce such action before a commission or court of competent jurisdiction. GTE does not waive any position regarding the illegality or inappropriateness of the FCC's First Report and Order.

The rates, terms and conditions (including rates which may be applicable under true-up) specified in both the GTE Terms and the AT&T Terms are further subject to amendment, retroactive to the Effective Date of the Agreement, to provide for charges or rate adjustments resulting from future Commission or other proceedings, including but not limited to any generic proceeding to determine GTE's unrecovered costs (e.g., historic costs, contribution, undepreciated reserve deficiency, or similar unrecovered GTE costs (including GTE's end user surcharge)), the establishment of a competitively neutral universal service system, or any appeal or other litigation.

If the Commission (or any other commission or federal or state court) in reviewing this Agreement pursuant to applicable state or federal laws, including Section 252(e) of the Telecommunications Act of 1996, deletes or modifies in any way this Section 48, LONE STAR agrees that this entire Agreement is void and will not become effective, and LONE STAR agrees to withdraw this Agreement from consideration by the Commission (or any other commission or federal or state court).

ARTICLE IV
GENERAL RULES GOVERNING RESOLD SERVICES

1. General.

General regulations, terms and conditions governing rate applications, technical parameters, service availability, definitions and feature interactions, as described in the appropriate GTE intrastate local, toll and access tariffs, apply to retail services made available by GTE to LONE STAR for resale provided by GTE to LONE STAR, when appropriate, unless otherwise specified in this Agreement. As applied to services under this Agreement, the term "Customer" contained in the GTE Retail Tariff shall be deemed to mean "LONE STAR" as defined in this Agreement.

2. Liability of GTE.

2.1 Inapplicability of Tariff Liability.

GTE's general liability, as described in the GTE Retail Tariff, does not extend to LONE STAR's customers or any other third party. Liability of GTE to LONE STAR resulting from any and all causes arising out of services, or any other items relating to this Agreement shall be governed by the liability provisions contained in this Agreement and no other liability whatsoever shall attach to GTE. GTE shall be liable for the individual services, facilities or elements that it separately provides to LONE STAR and shall not be liable for the integration of components combined by LONE STAR.

2.2 LONE STAR Tariffs or Contracts.

LONE STAR shall, in its tariffs or other contracts for services provided to its end users using services obtained from GTE, provide that in no case shall GTE be liable to LONE STAR's end users or any third parties for any indirect, special or consequential damages, including, but not limited to, economic loss or lost business or profits, whether foreseeable or not, and regardless of notification by LONE STAR of the possibility of such damages and LONE STAR shall indemnify and hold GTE harmless from any and all claims, demands, causes of action and liabilities based on any reason whatsoever from its customers as provided in this Agreement. Nothing in this Agreement shall be deemed to create a third-party beneficiary relationship with LONE STAR's end users.

2.3 No Liability for Errors.

GTE is not liable for mistakes that appear in GTE's listings, 911 and other information databases, or for incorrect referrals of end users to LONE STAR for any ongoing LONE STAR service, sales or repair inquiries, and with respect to such mistakes or incorrect referrals, LONE STAR shall indemnify and hold GTE harmless from any and all claims, demands, causes of action and liabilities whatsoever, including costs, expenses and reasonable attorney's fees incurred on account thereof, by third parties, including LONE STAR's end users or employees. For purposes of this Section 2.3, mistakes and incorrect referrals shall not include matters arising out of the willful misconduct of GTE or its employees or agents.

3. Unauthorized Changes.

3.1 Procedures.

If LONE STAR submits an order for resold services under this Agreement in order to provide service to an end user that at the time the order is submitted is obtaining its local services from GTE or another LEC using GTE resold services, and the end user notifies GTE that the end user did not authorize LONE STAR to provide local exchange services

to the end user, LONE STAR must provide GTE with written documentation of authorization from that end user within thirty (30) Business Days of notification by GTE. If LONE STAR cannot provide written documentation of authorization within such time frame, LONE STAR must within three (3) Business Days thereafter:

- (a) notify GTE to change the end user back to the LEC providing service to the end user before the change to LONE STAR was made; and
- (b) provide any end user information and billing records LONE STAR has obtained relating to the end user to the LEC previously serving the end user; and
- (c) notify the end user and GTE that the change back to the previous LEC has been made.

Furthermore, GTE will bill LONE STAR fifty dollars (\$50.00) per affected line to compensate GTE for switching the end user back to the original LEC.

4. Impact of Payment of Charges on Service.

LONE STAR is solely responsible for the payment of all charges for all services, facilities and elements furnished under this Agreement, including, but not limited to, calls originated or accepted at its or its end-users' service locations. If LONE STAR fails to pay when due any and all charges billed to LONE STAR under this Agreement, including any late payment charges (collectively, "unpaid charges"), and any or all such charges remain unpaid more than forty-five (45) calendar days after the bill date of such unpaid charges excepting previously disputed charges for which LONE STAR may withhold payment, GTE shall notify LONE STAR in writing that it must pay all unpaid charges to GTE within seven (7) Business Days. If LONE STAR disputes the billed charges, it shall, within said seven (7)-day period, inform GTE in writing of which portion of the unpaid charges it disputes, including the specific details and reasons for the dispute, unless such reasons have been previously provided, and shall immediately pay to GTE all undisputed charges. If LONE STAR and GTE are unable, within thirty (30) Business Days thereafter, to resolve issues related to the disputed charges, then either LONE STAR or GTE may file a request for arbitration under Article III of this Agreement to resolve those issues. Upon resolution of any dispute hereunder, if LONE STAR owes payment it shall make such payment to GTE with any late payment charge under Article III, Section 10.3, from the original payment due date. If LONE STAR owes no payment, but has previously paid GTE such disputed payment, then GTE shall credit such payment including any late payment charges. If LONE STAR fails to pay any undisputed unpaid charges, LONE STAR shall, at its sole expense, within five (5) Business Days notify its end-users that their service may be disconnected for LONE STAR's failure to pay unpaid charges, and that its end-users must select a new provider of local exchange services. GTE may discontinue service to LONE STAR upon failure to pay undisputed charges as provided in this Section 4, and shall have no liability to LONE STAR or LONE STAR's end-users in the event of such disconnection. If LONE STAR fails to provide such notification or any of LONE STAR's end-users fail to select a new provider of services within the applicable time period, GTE may provide local exchange services to LONE STAR's end-users under GTE's applicable end-user tariff at the then current charges for the services being provided. In this circumstance, otherwise applicable service establishment charges will not apply to LONE STAR's end-user, but will be assessed to LONE STAR.

5. Unlawful Use of Service.

Services provided by GTE pursuant to this Agreement shall not be used by LONE STAR or its end users for any purpose in violation of law. LONE STAR, and not GTE, shall be responsible to ensure that LONE STAR and its end users' use of services provided hereunder comply at all times with all applicable laws. GTE may refuse to furnish service to LONE STAR or disconnect

particular services provided under this Agreement to LONE STAR or, as appropriate, LONE STAR's end user when (i) an order is issued by a court of competent jurisdiction finding that probable cause exists to believe that the use made or to be made of the service is prohibited by law or (ii) GTE is notified in writing by a law enforcement agency acting within its jurisdiction that any facility furnished by GTE is being used or will be used for the purpose of transmitting or receiving gambling information in interstate or foreign commerce in violation of law. Termination of service shall take place after reasonable notice is provided to LONE STAR, or as ordered by the court. If facilities have been physically disconnected by law enforcement officials at the premises where located, and if there is not presented to GTE the written finding of a court, then upon request of LONE STAR and agreement to pay restoral of service charges and other applicable service charges, GTE shall promptly restore such service.

6. Timing of Messages.

With respect to GTE resold measured rate local service(s), chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when the calling station "hangs up," thereby releasing the network connection. If the called station "hangs up" but the calling station does not, chargeable time ends when the network connection is released by automatic timing equipment in the network.

7. Procedures For Preordering, Ordering, Provisioning, Etc.

Certain procedures for preordering, ordering, provisioning, maintenance and billing and electronic interfaces for many of these functions are governed by the GTE Guide. In accordance with Article III, Section 7, GTE will not process resale orders until the LONE STAR Profile has been completed and returned; and, if required, an advanced deposit paid.

8. Letter of Authorization.

8.1 GTE will not release the Customer Service Record (CSR) containing Customer Proprietary Network Information (CPNI) to LONE STAR on GTE end user customer accounts unless LONE STAR first provides to GTE a written Letter of Authorization (LOA), signed by the end user customer, authorizing the release of such information to LONE STAR or if state or federal law provides otherwise, in accordance with such law.

8.2 An LOA will be required before GTE will process an order for services provided in cases in which the subscriber currently receives Exchange Service from GTE or from a local service provider other than LONE STAR. Such LOA may be a blanket LOA or such other form as agreed upon between GTE and LONE STAR.

9. Customer Contacts.

Except as otherwise provided in this Agreement or as agreed to in a separate writing by LONE STAR, LONE STAR shall provide the exclusive interface with LONE STAR's end user customers in connection with the marketing or offering of LONE STAR services. Except as otherwise provided in this Agreement, in those instances in which GTE personnel are required pursuant to this Agreement to interface directly with LONE STAR's end-users, such personnel shall not identify themselves as representing GTE. All forms, business cards or other business materials furnished by GTE to LONE STAR end users shall be generic in nature. In no event shall GTE personnel acting on behalf of LONE STAR pursuant to this Agreement provide information to LONE STAR end users about GTE products or services unless otherwise authorized by LONE STAR.

ARTICLE V
RESALE OF SERVICES

1. General.

The purpose of this Article V is to define the Exchange Services and related Vertical Features and other services (collectively referred to for purposes of this Article V as the "services") that may be purchased from GTE and resold by LONE STAR and the terms and conditions applicable to such resold services. Except as specifically provided otherwise in this Agreement, provisioning of Exchange Services for resale will be governed by the GTE Guide. GTE will make available to LONE STAR for resale any Telecommunications Service that GTE currently offers, or may offer hereafter, on a retail basis to subscribers that are not telecommunications carriers, except as qualified by Section 2.1 below.

2. Terms and Conditions.

2.1 Restrictions on Resale.

The following restrictions shall apply to the resale of retail services by LONE STAR.

2.1.1 LONE STAR shall not resell to one class of customers a service that is offered by GTE only to another class of customers in accordance with state requirements (e.g., R-1 to B-1, disabled services or lifeline services to non-qualifying customers).

2.1.2 LONE STAR shall not resell lifeline services and services for the disabled.

2.1.3 LONE STAR shall not resell promotional offerings of 90 days or less in duration. These promotional offerings are not available to LONE STAR for resale. GTE will apply any applicable resale discount to the ordinary rate for a retail service rather than the special promotional rate.

2.2 Interim Universal Service Support Charge for Resale Services.

LONE STAR wishes to resell GTE's Basic Exchange Residential and Business services. It is GTE's position that GTE's current intraLATA toll rates include implicit subsidies that support below-cost prices for other services and thus promote universal service. This universal service support is lost where a CLEC resells GTE's local service but does not resell GTE's intraLATA toll service. For this reason, GTE will not resell Basic Exchange Residential or Business services unless LONE STAR pays the monthly interim universal service support charge set forth in Appendix A. GTE believes that this interim surcharge is required by state and federal law.

The lawfulness of GTE's interim surcharge is being addressed (or will be addressed) by the Commission or a court of competent jurisdiction. The parties agree that GTE will offer for resale Basic Local Exchange Residential and Business services at the avoided cost discount rate set forth in Appendix A without the interim surcharge, but subject to the following terms and conditions:

2.2.1 LONE STAR agrees that within thirty (30) days after the effective date of a Commission or court order affirming GTE's interim surcharge, LONE STAR will (i) begin paying the monthly interim surcharge in accord with Appendix A, and (ii) make a lump sum payment to GTE of the total interim surcharges retroactive to the effective date of this agreement.

2.2.2 Notwithstanding any provision in this Agreement, GTE may, at its sole discretion and at any time, seek injunctive or other relief (i) requiring the CLEC to pay GTE's interim surcharge or (ii) requiring the Commission to immediately impose the interim surcharge.

2.2.3 Nothing in this Agreement shall restrict or impair GTE from seeking injunctive relief or any other remedy at any time and in any court regarding GTE's interim surcharge or the Commission's rejection or modification of GTE's interim surcharge.

2.3 Restrictions on Discount of Retail Services.

The discount specified in Section 5.3 herein shall apply to all retail services except for the following:

2.3.1 LONE STAR may resell services that are provided at a volume discount in accordance with terms and conditions of applicable tariff. LONE STAR shall not aggregate end user lines and/or traffic in order to qualify for volume discount.

2.3.2 LONE STAR may resell ICB/Contract services without a discount and only to end user customers that already have such services.

2.3.3 LONE STAR may resell COCOT coin or coinless line, however, no discount applies.

2.3.4 LONE STAR may resell special access; however, no discount applies.

2.3.5 LONE STAR may resell operator services and directory assistance as specified in Section 5.6 herein; however, no discount applies.

2.4 Resale to Other Carriers.

Services available for resale may not be used by LONE STAR to provide access to the local network as an alternative to tariffed switched and special access by other carriers, including, but not limited to: interexchange carriers, wireless carriers, competitive access providers, or other retail telecommunications providers.

3. Ordering and Billing.

3.1 Service Ordering, Service Provisioning, and Billing.

LONE STAR will order services for resale directly from GTE through an electronic interface or fax. The following describes generally the processes GTE will use for ordering, provisioning and billing for resold services. Except as specifically provided otherwise in this Agreement, service ordering, provisioning, billing and maintenance shall be governed by the GTE Guide.

3.2 Local Service Request.

Orders for resale of services will be placed utilizing standard Local Service Request (LSR) forms. GTE will continue to participate in industry forums for developing service order/disconnect order formats and will incorporate appropriate industry standards. Complete and accurate LSR forms (containing the requisite end user information as described in the Guide) must be provided by LONE STAR before a request can be processed.

3.2.1 GTE will accept orders for As-Is Transfer (AIT) of services from GTE to LONE STAR where GTE is the end user's current local exchange company. GTE cannot provide an AIT of service from another CLEC selling GTE's services to LONE STAR.

3.3 Certificate of Operating Authority.

When ordering, LONE STAR must represent and warrant to GTE that it is a certified provider of local dial-tone service. LONE STAR will provide a copy of its Certificate of Operating Authority or other evidence of its status to GTE upon request.

3.4 Directory Assistance (DA) Listings.

GTE shall include a LONE STAR customer listing in its DA database as part of the LSR process. GTE will honor LONE STAR Customer's preferences for listing status, including non-published and unlisted, and will enter the listing in the GTE database which is used to perform DA functions as it appears on the LSR.

3.5 Nonrecurring Charges.

LONE STAR shall be responsible for the payment of all nonrecurring charges (NRCs) applicable to resold services (e.g., installation, changes, ordering charges) as listed in Appendix A. In addition, NRCs for Field Service work (Installation/Repair requiring on site visits will be charged from the appropriate tariff. No discount applies to nonrecurring charges.

3.6 Alternate Billed Calls.

GTE shall record usage data originating from LONE STAR subscribers that GTE records with respect to its own retail customers, using services ordered by LONE STAR. On resale accounts, GTE will provide usage in EMR format per existing file exchange schedules. Incollects are calls that are placed using the services of GTE or another LEC or Local Service Provider (LSP) and billed to a resale service line of LONE STAR. Outcollects are calls that are placed using a LONE STAR resale service line and billed to a GTE line or line of another LEC or LSP. Examples of an incollect or an outcollect are collect, credit card calls.

3.6.1 Incollects. GTE will provide the rated record it receives from the CMDS network, or which GTE records (non-intercompany), to LONE STAR for billing to LONE STAR's end- users. GTE will settle with the earning company, and will bill LONE STAR the amount of each incollect record less the Billing & Collection (B&C) fee for end-user billing of the incollects. The B&C credit will be \$.05 per billed message. Any additional message processing fees associated with LONE STAR's incollect messages that are incurred by GTE will be billed to LONE STAR on the monthly statement.

3.6.2 Outcollects. When the GTE end-office switch from which the resale line is served utilizes a GTE operator services platform, GTE will provide to LONE STAR the unrated message detail that originates from a LONE STAR resale service line but which is billed to a telephone number other than the originating number (e.g., calling card, bill-to-third number, etc.). LONE STAR as the LSP will be deemed the earning company and will be responsible for rating the message at LONE STAR rates and LONE STAR will be responsible for providing the billing message detail to the billing company for end-user billing. LONE STAR will pay to GTE charges as agreed to for services purchased, and LONE STAR will be compensated by the billing company for the revenue which LONE STAR is due.

When a non-GTE entity provides operator service to the GTE end office from which the resale line is provisioned, LONE STAR must contract with the operator services provider to get any EMR records which LONE STAR requires.

3.7 Transfers Between LONE STAR and Another Reseller of GTE Services.

When LONE STAR has obtained an end user customer from another reseller of GTE services, LONE STAR will inform GTE of the transfer by submitting standard LSR forms to GTE.

3.7.1 GTE cannot accept an order for AIT of service from one CLEC reselling GTE services to another reseller of GTE services.

3.8 Local Calling Detail.

Except for those services and in those areas where measured rate local service is available to end users, monthly billing to LONE STAR does not include local calling detail. However, LONE STAR may request and GTE shall consider developing the capabilities to provide local calling detail in those areas where measured local service is not available for a mutually agreeable charge.

3.9 LIDB.

For resale services, the LSR will generate updates to GTE's LIDB for validation of calling card, collect, and third number billed calls.

3.10 Originating Line Number Screening (OLNS).

Upon request, GTE will update the database to provide OLNS which indicates to an operator the acceptable billing methods for calls originating from the calling number (e.g., penal institutions, COCOTS).

4. Maintenance.

4.1 Maintenance, Testing and Repair.

GTE will provide repair and maintenance services to LONE STAR and its end user customers for resold services in accordance with the same standards and charges used for such services provided to GTE end user customers. GTE will not initiate a maintenance call or take action in response to a trouble report from a LONE STAR end user until such time as trouble is reported to GTE by LONE STAR. LONE STAR must provide to GTE all end user information necessary for the installation, repair and servicing of any facilities used for resold services according to the procedures described in the Guide.

5. Services Available for Resale.

5.1 Description of Local Exchange Services Available for Resale.

Resold basic Exchange Service includes, but is not limited to, the following elements:

- (a) Voice Grade Local Exchange Access Line - includes a telephone number and dial tone.
- (b) Local Calling - at local usage measured rates if applicable to the end user customer.
- (c) Access to long distance carriers

- (d) E-911 Emergency Dialing
- (e) Access to Service Access Codes - e.g., 800, 888, 900
- (f) Use of AIN Services (those Currently Available to end users)
- (g) End-User Private Line Services
- (h) Listing of telephone number in appropriate "white pages" directory; and
- (i) Copy of "White Pages" and "Yellow Pages" directories for the appropriate GTE service area
- (j) IntraLATA toll

5.2 Other Services Available for Resale.

GTE will provide resold services at retail less the avoided cost discount as defined in Article V, Section 5.3. Subject to the limitations enumerated in Article V of this Agreement, the type of resold services made available to LONE STAR are those telecommunication services described in GTE's retail tariffs, as amended from time to time. Any new retail services that GTE offers in such tariffs to customers who are not telecommunications carriers may also be available to LONE STAR for resale under the same terms and conditions contained in this Agreement.

5.2.1 Promotional Services. GTE shall make available for resale, those promotional offerings that are greater than 90 days in duration and the special promotional rate will be subject to the applicable resale discount.

5.3 Rates.

The prices charged to LONE STAR for local services shall be calculated as follows:

5.3.1 Avoided Cost Discount as shown on Appendix A shall apply to all retail services except those services listed in Section 2.1 and Section 2.3 herein.

5.3.2 The discount dollar amount calculated under Section 5.3.1 above will be deducted from the retail rate.

5.3.3 The resulting rate is the resale rate.

5.4 Grandfathered Services.

Services identified in GTE Tariffs as grandfathered in any manner are available for resale only to end user customers that already have such grandfathered service. An existing end user customer may not move a grandfathered service to a new service location. Grandfathered services are subject to a resale discount.

5.5 Access.

GTE retains all revenue due from other carriers for access to GTE facilities, including both switched and special access charges.

5.6 Operator Services (OS) and Directory Assistance (DA).

OS for local and toll assistance (for example, call completion, busy line verification and emergency interruption) and DA (e.g., 411 calls) are provided as a part of Exchange Services offered for resale. GTE may brand this service as GTE. LONE STAR will be billed in accordance with GTE's retail tariff.

5.6.1 If LONE STAR requests branding or unbranding, GTE will provide such unbranding or rebranding with LONE STAR's name.

5.6.2 LONE STAR will be billed a charge for unbranding or rebranding and customized routing.

5.6.3 For those offices that LONE STAR has requested GTE to rebrand and/or unbrand OS and DA, GTE will provide it where GTE performs its own OS and DA service subject to capability and capacity limitations where customized routing is Currently Available. If GTE uses a third-party contractor to provide OS or DA, GTE will not provide branding nor will GTE negotiate it with a third party on behalf of LONE STAR. LONE STAR must negotiate with the third party. In these instances, LONE STAR will need to purchase customized routing and dedicated trunking to differentiate its OS/DA traffic from GTE's.

6. Misdirected Calls.

The Parties will employ the following procedures for handling any misdirected calls (e.g., Business office, repair bureau, etc.).

6.1 To the extent the correct provider can be determined, each Party will refer misdirected calls to the proper provider of local exchange service. When referring such calls, both Parties agree to do so in a courteous manner at no charge.

6.2 For misdirected repair calls, the Parties will provide their respective repair bureau contact number to each other on a reciprocal basis and provide the end user the correct contact number.

6.3 In responding to misdirected calls, neither Party shall make disparaging remarks about each other, nor shall they use these calls as a basis for internal referrals or to solicit end users or to market services.

7. 911/E-911 Arrangements.

7.1 Description of Service.

Where GTE is the 911 service provider, GTE shall provide 911 Service as described in this Section as an element of local exchange services available for resale.

7.1.1 GTE will provide 911 map as described in Appendix A.

7.2 Cooperation and Level of Performance.

The Parties agree to provide access to 911/E-911 in a manner that is transparent to the end user. The Parties will work together to facilitate the prompt, reliable and efficient level of performance that will provide the same grade of service as that which GTE provides to its own end users.

7.3 Updates to Master Street Address Guide (MSAG).

It shall be the responsibility of LONE STAR to ensure that the address of each of its end users is included in the MSAG. Where GTE is the lead telco, GTE will accept address records provided on LONE STAR's LSR. GTE and LONE STAR will work together to develop the process by which LSR errors out of the MSAG will be handled, with appropriate cost recovery to GTE. Where GTE is not the lead telco, GTE has no action and LONE STAR must establish a separate relationship with the lead telco to submit records for MSAG validation. Where GTE is the lead telco, it will have a copy of the MSAG and will provide a copy to LONE STAR upon request at the rate in Appendix A.

7.4 Updates to Database.

The 911/E911 database will be updated with LONE STAR's end user 911/E911 information. If LONE STAR provides its updated data to GTE as frequently as does GTE's internal systems, the update will be as timely. In any case, GTE will not update the ALI database any later than one working day subsequent to receipt of data from LONE STAR.

7.5 Compensation.

7.5.1 In situations in which GTE is responsible for maintenance of the 911/E-911 database and can be compensated for maintaining LONE STAR's information by the 911 district, GTE will seek such compensation from the 911 district. GTE will seek compensation from LONE STAR only if and to the extent that GTE is unable to obtain such compensation from the 911 district.

7.5.2 Compensation to GTE for provision of services it provides LONE STAR hereunder shall be according to reasonable rates developed by GTE and agreed upon by LONE STAR.

7.6 Liability.

GTE will not be liable for errors with respect to 911/E-911 services except for its gross negligence as addressed in applicable tariffs.

8. Dialing Format Changes.

GTE will provide reasonable notification to LONE STAR of changes to local dialing format, *i.e.*, 7 to 10 digit, by end office.

ARTICLE VI
SIGNATURE PAGE

IN WITNESS WHEREOF, each Party has executed this Agreement to be effective upon approval by the Commission in accordance with Section 252 of the Act. The "effective date" of this Agreement for such purposes will be established by the Commission approval order.

GTE SOUTH INCORPORATED

CREDIT LOANS, INC. D/B/A
LONE STAR STATE TELEPHONE COMPANY

By Connie Nicholas

By Larry E. Miller

Name Connie Nicholas

Name LARRY E. Miller

Title Assistant Vice President
Wholesale Markets - Interconnection

Title President

Date November 9, 1999

Date 11-5-99

APPROVED BY LEGAL DEPT.	
<u>TBP</u>	<u>11-3-99</u>
BY	DATE

APPENDIX A

SERVICES AVAILABLE FOR RESALE

General. The rates for resold services described in Article VI, Section 5.2 are based upon an avoided cost discount from GTE's retail rates as provided in Article VI, Section 5.3 of the Agreement. The avoided cost discount is based upon GTE's most current available cost studies and are subject to change resulting from future Commission or other proceedings, including but not limited to any generic proceeding to determine GTE's unrecovered costs (e.g., historic costs, contribution, undepreciated reserve deficiency, or similar unrecovered GTE costs (including GTE's interim Universal Service Support Surcharge)), the establishment of a competitively neutral universal service system, or any appeal or other litigation.

GTE assesses a separate interim universal service fund surcharge for resale of Basic Local Exchange Residential and Business Services at the avoided cost discount set forth to provide continued universal service support that is implicit in GTE's current retail services prices. This surcharge is being addressed (or will be addressed) by the Commission or a court of competent jurisdiction. The parties agree that GTE will offer for resale Basic Local Exchange Residential and Business Services without the interim surcharge, but subject to the following terms and conditions:

- A. LONE STAR agrees that within thirty (30) days after the effective date of a Commission or court order affirming GTE's interim surcharge, LONE STAR will (i) begin paying the monthly interim surcharge in accord with Appendix A, and (ii) make a lump sum payment to GTE of the total interim surcharges retroactive to the effective date of this Agreement.
- B. Notwithstanding any provision in this Agreement, GTE may, at its sole discretion and at any time, seek injunctive or other relief (i) requiring LONE STAR to pay GTE's interim surcharge or (ii) requiring the Commission to immediately impose the interim surcharge.
- C. Nothing in this Agreement shall restrict or impair GTE from seeking injunctive relief or any other remedy at any time and in any court regarding GTE's interim surcharge or the Commission's rejection or modification of GTE's interim surcharge.

The avoided cost discount for all services, excluding OS/DA, is 15.95%.

Non-Recurring Charges (NRCs) for Resale Services

Pre-ordering

CLEC Account Establishment Per CLEC	\$ 273.09
Customer Record Search Per Account	\$ 11.69

Ordering and Provisioning

Engineered Initial Service Order (ISO) - New Service	\$ 311.98
Engineered Initial Service Order - As Specified	\$ 123.84
Engineered Subsequent Service Order	\$ 59.61
Non-Engineered Initial Service Order - New Service	\$ 42.50
Non-Engineered Initial Service Order - Changeover	\$ 21.62
Non-Engineered Initial Service Order - As Specified	\$ 82.13
Non-Engineered Subsequent Service Order	\$ 19.55

Central Office Connect	\$ 12.21
Outside Facility Connect	\$ 68.30
Manual Ordering Charge	\$ 12.17

Product Specific:

NRCs, other than those for Pre-ordering, Ordering and Provisioning, and Custom Handling as listed in this Appendix, will be charged from the appropriate retail tariff. No discount applies to such NRCs.

Custom Handling:

Service Order Expedite:	
Engineered	\$ 35.48
Non-Engineered	\$ 12.59

Coordinated Conversions:	
ISO	\$ 17.76
Central Office Connection	\$ 10.71
Outside Facility Connection	\$ 9.59

Hot Coordinated Conversion First Hour:	
ISO	\$ 30.55
Central Office Connection	\$ 42.83
Outside Facility Connection	\$ 38.34

Hot Coordinated Conversion per Additional Quarter Hour:	
ISO	\$ 4.88
Central Office Connection	\$ 9.43
Outside Facility Connection	\$ 8.37

Application of NRCs

Pre-ordering:

CLEC Account Establishment is a one-time charge applied the first time that LONE STAR orders any service from this Agreement.

Customer Record Search applies when LONE STAR requests a summary of the services currently subscribed to by the end-user.

Ordering and Provisioning:

Engineered Initial Service Order - New Service applies per Local Service Request (LSR) when engineering work activity is required to complete the order, e.g. digital loops.

Non-Engineered Initial Service Order - New Service applies per LSR when no engineering work activity is required to complete the order, e.g. analog loops.

Initial Service Order - As Specified (Engineered or Non-Engineered) applies only to Complex Services for services migrating from GTE to LONE STAR. Complex Services are services that require a data gathering form or has special instructions.

Non-Engineered Initial Service Order - Changeover applies only to Basic Services for services migrating from GTE to LONE STAR. End-user service may remain the same or change.

Central Office Connect applies in addition to the ISO when physical installation is required at the central office.

Outside Facility Connect applies in addition to the ISO when incremental field work is required.

Manual Ordering Charge applies to orders that require GTE to manually enter LONE STAR's order into GTE's Secure Integrated Gateway System (SIGS), e.g. faxed orders and orders sent via physical or electronic mail.

Custom Handling (These NRCs are in addition to any Preordering or Ordering and Provisioning NRCs):

Service Order Expedite (Engineered or Non-Engineered) applies if LONE STAR requests service prior to the standard due date intervals.

Coordinated Conversion applies if LONE STAR requests notification and coordination of service cut over prior to the service becoming effective.

Hot Coordinated Conversion First Hour applies if LONE STAR requests real-time coordination of a service cut-over that takes one hour or less.

Hot Coordinated Conversion Per Additional Quarter Hour applies, in addition to the Hot Coordinated Conversion First Hour, for every 15-minute segment of real-time coordination of a service cut-over that takes more than one hour.

Universal Service Support Surcharge

Residential (per line)	\$ 4.88
Business (per line)	\$ 3.52

APPENDIX B

RATES AND CHARGES FOR 911/E-911 ARRANGEMENTS

I. The following services are offered by GTE when LONE STAR resells GTE's local exchange services where an item is not superseded by a tariffed offering.

	<u>NRC</u>	<u>MRC</u>
A. 9-1-1 Selective Router Map	\$125.00	N/A
<p>Provided is a color map showing a selective router's location and the GTE central offices that send 9-1-1 calls to it. The selective router and central office information will include CLLI codes and NPA/NXXs served. The map will include boundaries of each central office and show major streets and the county boundary. Permission to reproduce by LONE STAR for its internal use is granted without further fee. Non-tariffed price.</p>		
B. MSAG Copy		
<p>Production of one copy of a 9-1-1 Customer's Master Street Address Guide, postage paid.</p>		
(a) Copy provided in paper format	\$238.50	\$54.00
(b) Copy provided in flat ASCII file on a 3-1/2" diskette	\$276.00	\$36.00

APPENDIX 48A
AMENDMENT TO CERTAIN RATES, TERMS AND CONDITIONS
AT&T TERMS

KENTUCKY

Pursuant to Article III Section 48 of this Agreement and subject to all of the terms and conditions thereof, the attached AT&T Terms referred to in Section 48 and attached hereto as pages 48-2 through 48A-5 will be substituted for the GTE Terms which are set out in Appendix 48B.

Attachment 1 To Appendix 48A
Amendment to Certain Rates, Terms and Conditions
AT&T TERMS- KENTUCKY
From the Main Section of the AT&T/GTE Arbitrated Agreement

25.3 Restrictions on Resale. To the extent consistent with the applicable rules and regulations of the FCC and the Commission, AT&T may resell all GTE Local Services as defined in GTE's tariffs. The following restrictions shall apply to the resale of Local Services, as described in Section 24 of this Agreement by AT&T: (i) AT&T shall not resell residential services non-residential end users; (ii) AT&T shall not resell means-tested services such as Lifeline to customers who do not meet the required means test; and (iii) AT&T shall comply with the continuous property restriction applicable to Shared Tenant Services.

Attachment 1 to Amendment 48A
Amendment to Certain Rates, Terms and Conditions
From Attachment 14
AT&T/GTE Pricing Agreement
State of KENTUCKY

1. 1. Local Service Resale

The prices charged to AT&T for Local Service shall be calculated using the avoided cost discount applicable in the State determined on the basis of the retail rate charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by GTE, as further specified in Appendix 1 to this Attachment 14.

The prices shall be GTE's retail rates applicable on the Effective Date, less the applicable discount. If GTE reduces or increases its retail rates after AT&T executes this Agreement, the applicable discount shall be applied to the reduced or increased retail rates.

Attachment 1 to Amendment 48A
Amendment to Certain Rates, Terms and Conditions
From Attachment 14
AT&T/GTE Pricing Agreement
State of KENTUCKY

Local Service Resale

Beginning with the Effective Date of this Agreement, Resale Services will be priced in accordance with the standards and prices described below.

The prices listed in this Appendix 1 are interim and are subject to further order of the Commission pending submission of cost studies by GTE.

1. The wholesale rates for Local Service Resale will be calculated based upon the discounts described in Annex 1. Such discounts will be applied against the Retail Rates for each GTE Retail Offering.

1.1 "Retail Rates" are the effective rates a GTE retail customer would have paid GTE under the Retail Offering selected by AT&T, taking into consideration all applicable discounts, including, but not limited to, volume, term and time of day.

1.2 A "Retail Offering" is an individual service or package of services that GTE provides at retail prices to its own end-user customers and that AT&T is permitted to resell to its own end-user customers pursuant to Commission order and this Agreement.

2. The discounts and pricing methodology described in this Appendix will remain in effect for the Initial Contract Period and will apply to all Resale Services ordered by AT&T under this Agreement unless and until amended pursuant to pricing orders applicable to Resale Services provided by GTE to AT&T in this State. Upon expiration of the Initial Contract Period and upon written notice by a Party, the Parties agree to renegotiate the discounts and/or method for calculating wholesale prices for Resale Services, subject to the then applicable pricing standards established in accordance with Applicable Law. A Party may deliver only one request during a Contract Year.

3. The charge applicable to conversion of existing customers of GTE Local Service to AT&T Local Service shall be \$5.00.

Attachment 1 to Amendment 48A
 Amendment to Certain Rates, Terms and Conditions
 Annex 1 from Attachment 14
 AT&T/GTE Pricing Agreement
 State of KENTUCKY
 Schedule of Wholesale Discounts
KENTUCKY

Basic Local Service (Residence & Business)	15.95%
Line Charge	15.95%
Usage Charge	15.95%
Features	15.95%
Listing Charges	15.95%
Non-recurring Charges	15.95%
Toll Service	15.95%
Operator Services	15.95%
Directory Assistance	15.95%
Business Trunk and Service Arrangements	15.95%
ISDN Services	15.95%
CENTRANET Services	15.95%
Private Line Services	15.95%
Inbound/Outbound Services	15.95%
Promotional Offerings (90 days or more)	15.95%
Promotional Offerings (less than 90 days)	Not subject to wholesale discount
Services for disabled persons (including free directory assistance)	15.95%
In Contact Services	15.95%
Public and Semi-Public Payphone Services	15.95%
Contract Services	Not subject to wholesale discount
Grandfathered Services	15.95%
Voicemail Services	15.95%
All other retail Telecommunications Services GTE is required to resell subject to the wholesale discount rate pursuant to the Commission's Orders	15.95%

APPENDIX 48B
AMENDMENT TO CERTAIN RATES, TERMS AND CONDITIONS
GTE TERMS

Pursuant to Article III, Section 48 of this Agreement, the following terms shall be applied in place of the terms in Appendix 48A (AT&T Terms) in the event the terms from the selected arbitrated agreement are deemed to be unlawful, or are stayed or enjoined by a court or commission of competent jurisdiction.

The Resale Discount in Appendix A will apply.

The Resale terms in Article V will apply.